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Ministry of
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RENEWAL OF THE TELEVISION NETWORK LICENCES OF THE CBC

Response of the Government of Ontario to

CRTC Notice of Public Hearing 1986-61

September 1986



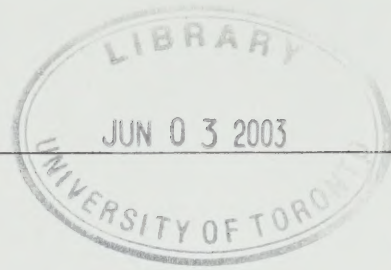
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SFP 24 1986

Mr. Fernand Belisle
Secretary General
Canadian Radio-television and
Telecommunications Commission
Ottawa, Ontario
K1A 0N2

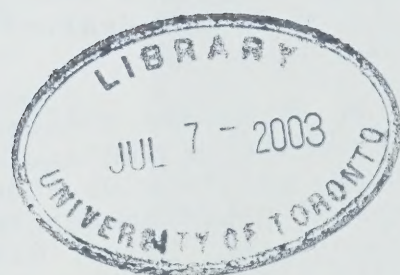
Dear Mr. Belisle:

Re: CRTC Notice of Public Hearing 1986-61
Renewal of the Television Network Licences of
the CBC

Attached is a submission on behalf of the Province of Ontario on the applications by the Canadian Broadcasting Corporation for the renewal of its English-language and French-language television network licences. This submission supercedes and replaces Ontario's submission in response to the CRTC Notice of Public Hearing 1984-80 which should be withdrawn.

The CBC forms the cornerstone of the Canadian broadcasting system and is the major vehicle for ensuring nation-wide access to a balanced, diverse stream of Canadian-centred programming in which all Canadians can share. Given this role for the CBC, it is very important that the renewal of its television network licences and consideration of the issues raised by the CRTC in its public notice be given serious consideration. As stated in a letter dated August 29, 1986 in response to this Public Notice, Ontario believes that this is not an appropriate time to be considering this matter because the public and other interested parties will not have had sufficient opportunity to review the report and recommendations of the Caplan-Sauvageau Task Force Report on Broadcasting Policy.

However, this having been said, it remains that the renewal of the CBC television network licences is an event of such importance that, once set in motion, it requires response. Ontario supports the renewal of the television network licences of the CBC. Ontario believes that on the whole, the CBC has done an excellent job in serving the needs of Canadians and meeting the objectives set for it by the Broadcasting Act. In the attached submission we support many of the activities of the CBC and, in particular, support



its goals of increased Canadian programming, increased drama programming and increased use of independent productions. We also state that the CBC should focus on ensuring that as broad a cross-section of Canadians as possible use and enjoy its services on a regular basis.

Other areas of concern addressed in the submission are the distribution of CBC services to underserved communities, the provision of regionally-appropriate services to all areas of Ontario, and network/affiliate relations. Ontario also supports the expeditious construction of the Toronto Broadcast Centre in consultation with affected parties.

My staff would welcome the opportunity to attend the public hearing scheduled for October 15 in Hull, Quebec to present Ontario's views.

Yours sincerely,

Original Signed By
Minister

Ed Fulton
Minister

cc: G. Noble
Director, Corporate Affairs, CBC

Attach.



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RENEWAL OF THE TELEVISION NETWORK LICENCES OF THE CBC

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I. INTRODUCTION

Because the Canadian Broadcasting Corporation forms the core of the Canadian broadcasting system, the process for review of its application for renewal of its English and French television network broadcasting licences is of major importance to all those interested in the future of Canadian broadcasting. To do justice to the Corporation and, indeed, to the future of Canadian broadcasting, this review should properly take into account fully the economic and policy environment within which the CBC will operate during the new licence period. Instead, the review takes place in a context of imminent policy change.

In the notice of Public Hearing CRTC 1986-61, to which this intervention responds, the Commission itself describes the climate of uncertainty within which these licence applications are being made, including CBC budget cuts, several CBC planning or strategy documents, and the Caplan/Sauvageau Task Force on Canadian Broadcasting Policy.

As the Commission itself recognized in its two previous decisions to delay this renewal hearing process, a meaningful regulatory review which establishes a plan of action for the CBC for the next five years cannot take place isolated from the realities of the changing broadcasting policy context within which the Corporation operates. In its decision to extend CBC licences to March 31, 1987, the Commission decided to await the report of the Task Force on Broadcasting, saying that "such a course of action would be beneficial to all interested parties and to the public process, . . . ensur[ing] [to] all parties the benefit of the observations of the Task Force in considering the future role and mandate of the CBC." In Ontario's view this decision by the Commission was, and still is, the correct course of action.

This is true for a number of reasons. First, an essential component of the licence renewal process is a full discussion of the future role and performance objectives of the licensee. Such a discussion is difficult when the legislative, regulatory and fiscal bases for those factors are under review. As the Commission itself notes in the Notice, the Task Force Report is expected to be made public shortly before the hearing date. The result may very well be that the regulatory public hearing process and the public discussion -- or even Parliamentary discussion -- of the Task Force Report will be underway at the same time, clouding rather than clarifying the role of each and dividing the attention of participants and the public alike. The Commission's selection of submission and hearing dates which result in the Report's release in the time period between preparation of submissions and appearance at public hearing is particularly unfortunate in that the applications of the licensee and the submissions of many intervenors were formulated in one context while the hearing will take place in another.

Thus the timing which the Commission has chosen robs the applicant of the opportunity to plan fully its application for licence renewal, taking into account -- as it should -- the response and conclusions of the Task Force regarding the CBC and the broadcasting system of which it is the major component. The result is a licence renewal application document which recognizes the planning problems offered by the timing by explicitly attempting to confine itself to the current expectations and conditions yet, despite itself, includes plans for the future which cannot be carried through without changes in those conditions.

Further, the Commission recognizes in its Notice of Public Hearing that "the evolving broadcasting environment may require changes to the CBC's mandate" and "that continuing uncertainties about the future role of the CBC within the Canadian broadcasting system make long-range planning difficult." The basic purpose of the licence renewal process is for the Commission to assess the plans of the Corporation for the next five years in light of its role and mandate in order to set the terms of the licences. This process is seriously affected when uncertainties of this order regarding role, mandate and long-range planning are present.

Finally, another problem is the appropriate treatment of ideas and documents which were generated in response to the Task Force but have no defined status in this process. One example is the CBC's submission to the Task Force, Let's Do It!/ Le Courage De Nos Convictions. While this landmark document contains a number of innovative proposals, they remain at the conceptual stage, poised between the Corporation's vision for the future and the explicit need, so far as the licence renewal process is concerned, to base planning on the status quo.

Given the assumptions upon which the licence renewal process is based, Ontario will remain consistent with those assumptions and not comment upon the CBC's Task Force submission in this document. Ontario regrets that the opportunity has been lost to integrate this document into the discussion by the Commission's determination to establish parallel rather than complementary policy and regulatory processes. In general, the potential for duplicated and wasted effort in responding to both processes separately is substantial for all participants -- Corporation, intervenors and Commission alike.

All this having been said, however, it remains that the renewal of the CBC television network licences is an event of such importance that, once set in motion, it requires response. The CBC forms the core of the broadcasting system, and its health and effectiveness are major factors in the health and effectiveness of the broadcasting system as a whole. As the following discussion indicates, Ontario's concerns regarding the future role and operations of the CBC range from issues of general principle to matters of specific concern.

II. PRINCIPLES

Ontario wishes to advance the following policy principles relating to the renewal of the CBC's television network licences. In Ontario's view, broadcast policy should:

- o encourage the CBC to serve as the major vehicle for ensuring nation-wide access to a balanced, diverse stream of high-quality Canadian television programming services;
- o support an economically strong national public broadcasting system;
- o encourage the CBC to assist in the creation, production, and dissemination of Canadian cultural products.

III. ISSUES

Ontario has identified the following issues relating to the renewal of the CBC's television network licences:

- the role of the CBC.
- the CBC's programming objectives.
- the distribution of CBC services.
- network/affiliate relations.
- the Toronto Broadcast Centre.

These issues and Ontario's recommendations are covered in the balance of the submission.

A. THE ROLE OF THE CBC

The CBC's position as the core of the Canadian broadcasting system is mandated by the terms of sections 3(f), (g), and (h) of the Broadcasting Act, which provide for its creation and give it both special rights and special responsibilities. It is the practical manifestation of a realization that if the Canadian broadcasting system is to perform the nation-building roles required of it, government's role will be a proactive as well as regulatory or permissive one. From this perspective, the role of the CBC is to provide the major vehicle for ensuring nation-wide access to a balanced, diverse stream of high quality, Canadian-centred programming in which all Canadians can share.

Through its French and English networks as well as special services to the north and to native communities, the CBC television networks should continue to serve all Canadians with diverse programming through the most effective and efficient delivery systems. The CBC performs a key societal function in providing reliable means for Canadians, both nationally and regionally, to create a sense of community, whereby Canadians develop a common core of shared information, experience and perspectives.

This role, however, carries with it special implications for CBC operations. First, the nature of the CBC's role as described above requires that it not be drawn into use of simple market measures of its success, either in external accountability processes, or, perhaps even more importantly, as an allocative mechanism within the Corporation.

While the size of audience drawn to a particular program is important both in the generation of advertising revenues and as part of the equation for allocating scarce programming hours, the public demands more from the broadcasting system than the exhibition of the few programs watched by a large number of people at one time. Because viewers typically watch some highly-rated mass audience programs along with a wide range of programs with smaller, more specialized audience appeal, use of audience size alone masks the need for this latter type of program in meeting public expectations for diverse information, entertainment and enlightenment. Programs in this category might well include, for example, interregional programming, programming originating with the other language service, programming designed for particular audiences (such as children), documentaries, and serious drama or televised performances.

As well, because the Corporation is substantially publicly funded, it should use this position to experiment with innovative approaches to programming perhaps too risky for commercial operations to undertake. In Ontario's view the CBC should be highly commended for the generally excellent quality and diversity of its current program offerings and its continuing commitment, as evidenced in these licence renewal applications, to maintaining and enhancing this quality. In order to maintain a commitment to innovation, quality and diversity, however, it is vital that the CBC be encouraged to continue to be guided by considerations other than sheer market success. Put more positively, the CBC should focus on ensuring that as broad a cross-section of Canadians as possible use and enjoy its services on a regular basis.

A second significant characteristic of the CBC's role is its relationship with government. Because the Corporation receives a substantial portion of its funding from the federal government, it is vulnerable to revenue changes which are substantially beyond its control. This poses special problems for the Corporation in long-range planning and management of its resources, as the past two years have amply demonstrated.

While Ontario supports the goals of Canadianization, it believes that because of the ever-increasing demands being placed on government spending and the high cost of television production, the CBC should continue to have the freedom to provide a wide range of popular programming, including the best of foreign programming, as one of the options open to it in the allocation of the programming budget. Similarly, and related to this point, the CBC should also continue to have the option to raise some of its required revenues through

advertising, to provide the Corporation needed financial flexibility and alternative sources of income in a time of uncertain government funding. While Ontario can see the benefits of advertiser-free CBC television services, it is impractical to propose this step unless reliable sources of replacement funding are at the same time clearly identified. In Ontario's view, the CBC's role is a broad and crucial one for Canada. Accordingly, Ontario supports a strong CBC, adequately funded to carry out its mandate.

Finally, the centrality of the CBC's role in the broadcasting system stems both directly from its mandate and indirectly from the large economic size and broad geographic reach that are a consequence of that mandate. The CBC is the largest single component of the broadcasting system. It produces more programs, sells more advertising, employs more people, reaches more parts of the country, buys more equipment and uses more facilities than any other part of the system.

Its decisions have important economic, social and cultural impacts throughout the country both on other components of the broadcasting system and on the communities in which CBC facilities are located quite apart from the impact of program content. CBC decisions to increase use of independently produced programming, to co-produce with other broadcast outlets, or to build facilities, to give but three examples, provide opportunities for advancement of the goals of others while contributing to the goals of the Corporation. Such indirect consequences should properly be considered by governments, regulators and by the Corporation in the decision-making process.

B. The CBC's Programming Objectives

The CBC's primary programming objective, as outlined in its 1983 "Strategy of the CBC" document, its submission to the federal Task Force reviewing Canadian broadcasting, and its 1986 licence renewal application, is to revitalize its television services through the exhibition of more Canadian programming. Specifically, the CBC has set a target of increasing the level of Canadian content in prime time on its television networks to 86 percent.

Within this overall strategy, considerable emphasis has been placed on increasing the amount of Canadian drama programming on CBC television, with most of the additional programming being supplied by the independent production sector. The CBC's goal is to increase the level of prime-time Canadian drama on each service to 10 hours per week, and to acquire 50 percent of all programs other than news and sports from independent producers.

Ontario strongly supports the CBC's strategic directions in the programming area. Ontario believes that as the cornerstone of the Canadian broadcasting system, the CBC should play a central role in increasing the availability of Canadian programming and ensuring that Canadians have access to a distinctive Canadian programming alternative. The CBC's Canadianization strategy reflects a renewed commitment to this leadership role, and will help to encourage a stronger Canadian presence in a broadcasting environment characterized by an ever-increasing number and range of television programming services.

Ontario is also encouraged by and supports the priority which the CBC has given to increasing the amount of drama programming in its prime-time schedules. This focus is highly appropriate and necessary, given that drama programming is by far the most under-represented category of Canadian-produced television programming.

Ontario also supports the CBC's shift towards greater use of independent production. This plan represents an important step in bringing new ideas and talent into CBC programming, while also making the largest exhibition window in Canada -- the CBC -- open to a much larger proportion of Canada's creative community. The CBC's strategy in this area also complements other initiatives, both federal and provincial, designed to encourage the development and growth of the independent production industry.

From a programming perspective, another key element of the CBC's existing mandate is to serve the special needs of geographic regions, actively contributing to the flow and exchange of cultural and regional information and entertainment. Ontario believes that the CBC must have a strong programming presence in the regions to reflect the diversity of Canada, and also agrees with the CBC's assessment that local programming provides the roots of the regional service. The CBC's local supper hour news programs are particularly important, in that they provide a vital news source in many communities. Ontario believes that both the CBC's local and regional services, properly integrated with and contributing to the national network, are essential to the fulfillment of the CBC's mandate.

A review of the CBC's current licence renewal application reveals that it has been, to a considerable extent, successful in terms of fulfilling the programming requirements of its mandate. Its Promises of Performance for 1986-87 indicate that the CBC intends to continue operating, as it has in the past, balanced, general-service networks offering a broad range of programming. Almost all major types or categories of programming are represented in the CBC's 1986-87 schedules, and the CBC has endeavoured to satisfy the information and entertainment needs of a wide variety of demographic groups.

The CBC has also made significant progress towards meeting its specific strategic programming objectives. On its English-language network for example, the CBC increased the level of Canadian programming it provided in prime-time in 1985-86 by two hours to 22.5 hours per week, or 77.6 percent of its total prime-time programming. Its French-language network in 1986-87 will offer 22.4 hours of Canadian programming in prime-time, or almost 80 percent of prime-time programming. In terms of drama, the 1986-87 fall and winter schedules will include 5.5 hours of Canadian-produced drama on the English network, and 7 hours per week on the French network. Finally, in 1986-87, the level of independent production in drama and entertainment will be approximately 31 percent on the English network, and 29 percent on the French network.

Unfortunately, the CBC has also announced in this licence renewal application that because of the 1985-86 reductions in its budget and the continuing funding outlook for the Corporation, its efforts to achieve its Canadianization objectives have been delayed. It has stated for example, that because of the funding

situation, the objective of an additional 2.5 hours per week of Canadian content in prime-time on its English-language network cannot be achieved, nor can there be an increase beyond 80 percent Canadian content in prime-time on the French network. Instead of the fall of 1987, the Corporation now believes that 1991-92 is a more realistic time frame within which to achieve the objective of more Canadian drama on both services. The CBC also states that its goal of 50/50 CBC-independent production in drama and entertainment is in jeopardy, as it is predicated on an increase in the CBC budget for each of the next five years. Moreover, the CBC also expects that in 1987-88, it will have to begin reducing the level of services it provides.

In Ontario's view, the CBC should remain committed to achieving its goals with respect to increased Canadian content, more drama programming, and greater use of independent productions. In order to achieve these objectives in a climate of funding restraint, the CBC should be encouraged in its strategies to maximize the use of its resources. Ontario supports, for example, the CBC's overall strategy to control costs in programming through a production and cost standards plan. It also supports the CBC's efforts to increase its commercial revenues. It is Ontario's view that given the current climate of financial restraint, the CBC must continue to have the freedom to vigorously pursue advertising business at both the local and national levels, improve its sales techniques, and utilize sales methods commonly in use within the private sector, such as "demand" rates and selling airtime in packages.

Co-productions provide another way for the CBC to offset the high costs of production and maximize the use of its financial resources. As such, the CBC should be encouraged to make increasing use of participation with independent producers and Telefilm one of its highest priorities, and should also be encouraged to utilize the production funds available through the Ontario Film Development Corporation. Although the OFDC places priority on the development of feature films, independent producers may access the fund for television productions provided they have a letter from a broadcaster, including the CBC. In addition to independent producers, the CBC should also concentrate on increasing its level of participation with other potential producing partners, such as provincial educational networks, the National Film Board, pay television licensees, and foreign producers.

Ontario believes that making CBC programming available to other Canadian broadcasters provides another way for the CBC to increase its revenues, as well as provide increased exhibition time for Canadian programming. As such, Ontario was pleased to observe that in 1984-85, the CBC began an active and ongoing sales process to Canadian independent and educational broadcasters. Sales of CBC programming to Canadian broadcasters, as well as to foreign countries, is an activity which should be continued and expanded.

Ontario also strongly supports the CBC's specific programming objectives, and recommends that the CBC be encouraged to remain committed to achieving its goals with respect to increased Canadian content, more drama programming, and greater use of independent productions. In order to achieve these goals in the current environment of financial restraint, Ontario also recommends that the CBC be encouraged to continue

pursuing strategies designed to maximize the use of its resources. Specifically, Ontario recommends that the CBC:

- o continue to have the freedom to pursue advertising business at both the local and national levels, improve its sales techniques and performance, and use sales methods commonly in use within the private sector;
- o be encouraged to make greater use of co-productions with independent producers, provincial educational networks, the National Film Board, pay television licensees, and foreign producers;
- o continue and expand the practice of selling CBC programming to other Canadian broadcasters and foreign countries.

C. The Distribution of CBC Services

The Broadcasting Act places special statutory responsibilities on the CBC in terms of provision of service, in that Section 3(g) states that the national broadcasting service should "be extended to all parts of Canada, as public funds become available".

During the past ten years, the CBC has sought to fulfill this part of its mandate through its Accelerated Coverage Plan, the purpose of which was to extend the CBC's primary services to unserved communities of 500 or more people. It is worth noting that these efforts have cost the CBC in excess of \$100 million in capital outlays while increasing its operating base by some \$12 million annually.

Ontario has benefitted substantially from the Plan, which has resulted in 99.8 percent of Ontario's Anglophones and 98 percent of Francophones having access to CBC television services. While this certainly represents a major achievement on the part of the CBC, Ontario remains concerned that there are still small rural and remote communities of fewer than 500 people who are unable to receive the CBC's services. As the Commission is aware, many of the communities which still do not have access to CBC services are small and remote native communities located in northern Ontario.

Due to its budget situation, the CBC states that it has had to delay indefinitely the completion of the remaining projects under the Accelerated Coverage Plan. However, in its licence renewal application, the Corporation has indicated that it has established guidelines for local assistance in coverage extension. Specifically, it has stated that it may provide technical equipment on loan and broadcasting advice wherever a community has indicated a willingness to establish a transmitter carrying a CBC basic service. Ontario is encouraged by and supports these efforts, and is particularly pleased that a specified minimum population is not needed to qualify for this type of assistance.

Ontario wishes to note that as the focus of CBC planning shifts from questions of physical access to questions of Canadianization of programming, the basic need for access to the service does not diminish for those still outside the system. Therefore, Ontario recommends that the CBC continue to give priority to extending coverage to smaller communities in Ontario and the rest of the country.

In addition to the communities which still are not able to receive CBC television services, Ontario is also concerned about the areas within the province which do not receive regionally-appropriate services.

As the CBC notes in its application, "Canada is a country of regions". CBC regional operations serve many purposes, including that of a mirror to the region so that it can see itself and its concerns reflected in the mass media which serve it. Ontario has a substantial concern regarding the lack of such a regional mirror in northern Ontario.

One example of an area which does not receive a preferred regional service is the large area of the province along the north shore of Lake Superior, where residents receive CBC signals from Toronto, rather than from Thunder Bay or Sault Ste. Marie. Given that the CBC has indicated repeatedly that it would seek a solution to this problem, Ontario believes that it would not be unreasonable to expect that this concern be dealt with within the new licence period.

A second problem area is located west of Thunder Bay, where CBC television service comes from Winnipeg. This relates to the CBC policy of not carrying programming out of the time slot for which it was intended. While the CBC has undertaken to insert some Ontario-oriented material from Toronto on the microwave feed from Winnipeg, the current service pattern exacerbates the sense of isolation and alienation from the rest of Ontario.

In Ontario's view, being "on time" is of less consequence than being "in place". Accordingly, Ontario believes that CBC programming that is provided to the area west of Thunder Bay should come from both Winnipeg and the Thunder Bay affiliate, as it does for radio.

A third related concern is the need to ensure that an Ontario-originated service is provided to those areas served by rebroadcast satellite feeds. While satellites offer the advantage of distance insensitivity and cost efficiencies, these benefits must be accompanied by the provision of services which are locally-relevant, particularly in news and information. In Ontario's view, the decision to serve communities such as Temagami, Armstrong, and Fort Hope with the Atlantic Northern Television satellite feed -- an Atlantic-based service provided on Atlantic time -- provide examples of situations where relevance to the local community has not been adequately considered.

In sum, to address these concerns, Ontario recommends that the CBC accord high priority to the provision of regionally-appropriate services in all areas of the province. In the case of northern Ontario, the satellite service should most properly originate from a Northern Ontario source. To the extent that this solution is not currently feasible, the source should be CBLT Toronto as an interim measure.

D. Network/Affiliate Relations

Ontario believes that it is very important to recognize the value of the affiliate system. Ontario's eleven private affiliates add 1.5 million people or 23 percent to the coverage of the CBC English television network in the province. While precise figures are not available, the cost of replacing the facilities of these affiliates with CBC-owned transmitters to achieve this same coverage would be very high. In addition, across Canada the English affiliates generate approximately 22 percent of tuning to CBC full network programs, and the French affiliates deliver

approximately 27 percent of the national audience. Finally, the affiliate system results in the provision of local program services which might not otherwise exist.

As the CBC itself has observed, the relationship between the Corporation and its affiliated stations is mutually supportive. In most areas it is important, if not essential, to the survival of the local service to have the network program and advertising-related resources which CBC affiliation provides. On the other hand, the association with an audience-attractive service, which in most cases offers the only local off-air program service, helps draw audiences to the national service.

Because of its value as a cost-effective means of delivering both the national and local programming services, Ontario believes it is vital for the CBC network/affiliate relationship to be sustained and to remain mutually supportive. The key to achieving this objective is the development of a network/affiliate agreement which is satisfactory to both the CBC and its affiliates.

As the Commission is aware, over the past year the CBC and the affiliates have been involved in a process of studying and negotiating alternative financial compensation arrangements, to develop a new agreement which does not rely exclusively on commercial revenues. Unfortunately however, these negotiations have not been successful and agreement on a new arrangement has not been reached. Because the existing agreement expired on August 31, the CBC in July submitted its proposed new agreement to all affiliates, to be signed for a one-year term. However, it is Ontario's understanding that as of this date, the

affiliates have not signed the new agreement and consequently are operating without affiliation agreements.

While not wishing to become involved in the details of the contractual arrangements between the CBC and its affiliates, Ontario believes this issue is important and is particularly concerned about the impact that the lack of an agreement may have on some of the smaller affiliates in Ontario.

Ontario is also of the view that because of the importance of the network/affiliate relationship in terms of achieving the goals of the Broadcasting Act, the CRTC has a responsibility to intervene in situations where there are irreconcilable differences between the CBC and its affiliates. Therefore, Ontario recommends that the Commission closely monitor the current CBC network/affiliate situation and if necessary, intervene to ensure that a satisfactory agreement is reached.

In its licence renewal application, the CBC also has announced that it has discussed applications for disaffiliation which have been advanced by three Ontario affiliates: CFPL-TV London, CKNX-TV Wingham, and CHRO-TV Pembroke.

It is Ontario's view that privately-owned affiliates should continue to have the freedom to apply to disaffiliate if they decide that disaffiliation would be in their best interests. However, Ontario also agrees with the CBC's assessment that as a matter of policy, the continued delivery of the national service, with undiminished technical quality and audience reach, is of paramount importance.

The resolution of other related issues, such as the technical options used to ensure delivery of the national service and the need to provide local programming on the CBC service, will depend on individual circumstances and as such, will have to be evaluated on a case-by-case basis.

E. The Toronto Broadcast Centre

Ontario has long recognized the need for new CBC facilities in Toronto. As such, Ontario welcomes and strongly supports the development of the CBC's proposed new Broadcast Centre in Toronto.

A joint project with private developers, the new Centre will consolidate CBC operations, now spread throughout a number of Toronto locations, into a single set of state-of-the-art facilities. In addition to the some 11,200 person years of employment generated by its construction, the new Centre will add to the cultural infrastructure being developed in the area of downtown Toronto between Roy Thomson Hall and the Metro Convention Centre and the CN Tower for consumers and producers of cultural products alike. It can be expected to increase the productivity and creative capacity of the Corporation's in-house production and provide a production resource for independent producers.

Ontario fully supports the concept of the Centre and urges that it be completed as quickly as possible. This support does not, however, ignore the need for full consultation by the CBC with those who will be affected by its creation. A project of this magnitude will inevitably have considerable impact on the City of Toronto, and on those segments of the production industry which have worked with and for the CBC in the past.

By increasing the production capacity in the Toronto area, the Broadcast Centre may have a considerable impact on private sector providers of production facilities. It may also affect Ontario's assessment of what steps need to be taken provincially to encourage the development of the production industry.

Ontario recommends that the CBC proceed expeditiously with the construction of the Toronto Broadcast Centre, and that the project continue to be developed in consultation with interests affected by its creation.

IV. SUMMARY AND RECOMMENDATIONS

CRTC consideration of the application for renewal of the television network licences of the CBC traditionally forms a major opportunity for both the Corporation and those interested in it to consider its performance and its future. This opportunity has been diminished on this occasion by the Commission's decision to conduct the review without waiting for the release of the Caplan/Sauvageau Task Force Report. This decision was unfortunate for a number of reasons:

- o the legislative, regulatory and fiscal bases for the broadcasting system as well as the CBC's role and mandate and the viability of its long-range plans, are uncertain;
- o the appropriate relationship between the work of the Task Force and the regulatory review of the Commission has been clouded, exacerbating the already complex problems of assessing the past performance and future prospects of the CBC;

- o the potential for duplicated and wasted effort in resolving the issues out of their appropriate order is substantial for all participants -- Corporation, intervenors and Commission alike.

In Ontario's view, the Commission's original decision to await the report of the Task Force was, and still is, the correct course of action, for the reasons the Commission itself advanced. Once scheduled, however, the regulatory review of the CBC requires response.

Ontario's response focuses on a series of issues of importance to the province from a variety of perspectives. The most fundamental of these is the issue of the appropriate role of the Corporation. In Ontario's view the role of the CBC is to provide the major vehicle for ensuring nation-wide access to a balanced, diverse stream of high-quality, Canadian-centered programming in which all Canadians can share. The Corporation's role as the core of the broadcasting system is mandated by legislation and strengthened by its position as a public sector entity. As such, much is given to the Corporation and much is required from it. Ontario supports a strong CBC, adequately funded to carry out its mandate. In return, it expects the Corporation to provide exemplary programming services created in an cooperative environment which strengthens the social, cultural and economic fabric of our society. The recommendations which follow are drawn from this basic perspective.

The following is a summary of the recommendations contained in this submission.

Role of the CBC

- o The CBC should be encouraged to continue to be guided by considerations other than sheer market success. Put more positively, the CBC should focus on ensuring that as broad a cross section of Canadians as possible use and enjoy its services on a regular basis.
- o The CBC should continue to have the freedom to provide a wide range of popular programming, including the best of foreign programming.
- o The CBC should continue to have the option to raise some of its required revenues through advertising, to provide the Corporation needed financial flexibility and alternative sources of income at a time of uncertain government funding.
- o Ontario supports a strong CBC, adequately funded to carry out its mandate.

The CBC's Programming Objectives

- o Ontario recommends that the CBC be encouraged to remain committed to achieving its goals with respect to increased Canadian content, more drama programming, and greater use of independent productions.
- o Ontario also recommends that the CBC be encouraged to continue pursuing strategies designed to maximize the use of its resources. Specifically, the CBC should:
 - continue to pursue advertising business at both the local and national levels, improve its sales techniques and performance, and use sales methods commonly in use within the private sector;

- be encouraged to make greater use of co-productions with independent producers, provincial educational networks, the National Film Board, pay television licensees, and foreign producers;
- continue and expand the practice of selling CBC programming to other Canadian broadcasters and foreign countries.

The Distribution of CBC Services

- o The CBC should continue to give priority to extending coverage to smaller communities in Ontario and the rest of the country.
- o The CBC should accord high priority to the provision of regionally-appropriate services in all areas of the province.

Network/Affiliate Relations

- o Ontario recommends that the Commission closely monitor the current CBC network/affiliate situation and if necessary, intervene to ensure that a satisfactory agreement is reached.

The Toronto Broadcast Centre

- o The CBC should proceed expeditiously with the construction of the Toronto Broadcast Centre, and that the project should continue to be developed in consultation with interests affected by its creation.

